

JUNE 22, 1992

THE DIRECTOR OF THE DIVISION OF STATE LANDS & FORESTRY TOOK FORMAL ACTION ON JUNE 22, 1992, AT 9:30 A.M. IN THE DIVISION OF STATE LANDS & FORESTRY OFFICE, 355 WEST NORTH TEMPLE, 3 TRIAD CENTER, SUITE 400, SALT LAKE CITY, UTAH 84180-1204, ON THE BELOW LISTED MINERAL AND SURFACE BUSINESS MATTERS AS INDICATED.

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MINERAL ESTATE BUSINESS MATTERS

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MINERAL APPLICATIONS

OIL, GAS, AND HYDROCARBON LEASE APPLICATIONS - APPROVED

Upon recommendation of Mr. Blake, the Director approved the Oil, Gas, and Hydrocarbon lease applications listed below at a rental of \$1.00 per acre per annum; royalty as provided in the lease form approved by the Board of State Lands and Forestry. The applications have been checked by the Minerals Section and found to be in order. The land status has been examined and the lands found to be open and available.

| | | |
|--------------------------------------|--------------------------------------|-----------------|
| <u>Mineral Lease Appl. No. 45645</u> | <u>T35S, R4E, SLB&M.</u> | Garfield County |
| Ben Donegan | Sec. 2: Lots 1, 2, 3, | 640.96 acres |
| 3224 Candelaria NE | 4, S $\frac{1}{2}$ N $\frac{1}{2}$, | |
| Albuquerque, NM 87107 | S $\frac{1}{2}$ (All) | |

Application Date: June 8, 1992

| | | |
|--------------------------------------|---|------------------|
| <u>Mineral Lease Appl. No. 45646</u> | <u>T8N, R7W, SLB&M.</u> | Box Elder County |
| Kenneth Pixley | Bed of the Great Salt | 40.00 acres |
| 300 Paseo De Vida | Lake in: | |
| Altus, OK 73521 | Sec. 8: SE $\frac{1}{4}$ SE $\frac{1}{4}$ | |

Application Date: June 9, 1992

REFUND: \$5.00

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MINERAL APPLICATIONS (CONT'D)

METALLIFEROUS MINERALS LEASE APPLICATIONS - APPROVED

Upon the recommendation of Mr. Mansfield, the Director approved the Metalliferous Minerals lease applications listed below at a rental of \$1.00 per acre per annum; royalty as provided in the lease form approved by the Board of State Lands and Forestry. The applications have been checked by the Minerals Section and found to be in order. The land status has been examined and the lands found to be open and available. The reassessment date for these leases is July 1, 2002.

| | | |
|--------------------------------------|--|----------------|
| <u>Mineral Lease Appl. No. 45651</u> | <u>T15S, R10E, SLB&M.</u> | Carbon County |
| Phillip Ogolsky | Sec. 5: SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ | 1,320.00 acres |
| 7057 Matilija Ave. | Sec. 8: All | |
| Van Nuys, CA 91405 | Sec. 17: N $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ | |

Application Date: June 11, 1992

| | | |
|--------------------------------------|-------------------------------|-----------------|
| <u>Mineral Lease Appl. No. 45653</u> | <u>T30S, R26E, SLB&M.</u> | San Juan County |
| Jerome B. Guinand | Sec. 32: All | 640.00 acres |
| 9018 Kings Hill Place | | |
| Sandy, UT 84093 | | |

Application Date: June 15, 1992

METALLIFEROUS MINERALS LEASE APPLICATIONS - REJECTED

Upon the recommendation of Mr. Mansfield, the Director rejected the Metalliferous Minerals lease applications listed below and ordered a refund of the advance rentals to the applicant. The lands applied for were checked and are in conflict with ML 40098 Metalliferous Minerals. The filing fee is forfeited to the state.

| | | |
|--------------------------------------|--|------------------|
| <u>Mineral Lease Appl. No. 45652</u> | <u>T6N, R19W, SLB&M.</u> | Box Elder County |
| Pilot Exploration, Inc. | Sec. 16: SW $\frac{1}{4}$, SE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$ | 400.00 acres |
| 2806 Happy Hollow Dr. | | |
| Wichita Falls, TX 76308 | | |

Application Date: June 15, 1992

REFUND: \$400.00

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TOTAL ASSIGNMENT--OIL, GAS, AND HYDROCARBON LEASE

Upon recommendation of Mr. Bonner, the Director approved the assignment of the lease listed below to Equitable Resources Energy Company, P.O. Box 21017, Billings, MT 59104, by Corbin J. Robertson. No override, but subject to 4.333% overriding royalty previously reserved. The State assumes no responsibility in collecting or distributing overriding royalty.

LEASE OWNERSHIP: CORBIN J. ROBERTSON

....ML 42147....

INTEREST ASSIGNMENTS--OIL, GAS, AND HYDROCARBON LEASES

Upon recommendation of Mr. Bonner, the Director approved the assignment of 50% interest in and to the lease listed below to Phoenix Hydrocarbons, Inc., P.O. Box 2802, Midland, TX 79702, by Apache Corporation. No override.

LEASE OWNERSHIP: APACHE CORPORATION--50%, AND
STRICO (1983) LTD.--50%

....ML 40904....

OPERATING RIGHTS ASSIGNMENTS--OIL, GAS, AND HYDROCARBON LEASES

Upon recommendation of Mr. Bonner, the Director approved the assignment of 32.5% interest in operating rights from surface of the earth down to and including, but not below, 100 feet below the stratigraphic equivalent of the Base of the Cane Creek Formation, as encountered at 7261 feet (minus 1477 feet subsea) in the Pure Oil Company Big Flat #5 Well, located in NW¼SE¼ Sec. 27, T25S, R19E, SLB&M., in an to the lease listed below to Columbia Gas Development Corporation, P.O. Box 1350, Houston, TX 75251-1350, by EP Operating Company L.P. No override.

LEASE OWNERSHIP: EP OPERATING COMPANY L.P.

....ML 40761....

OPERATING RIGHTS ASSIGNMENTS--OIL, GAS, AND HYDROCARBON LEASES

Upon recommendation of Mr. Bonner, the Director approved the assignment of 48.14815% of 67.5% or 32.5% interest in operating rights from surface of the earth down to and including, but not below, 100 feet below the stratigraphic equivalent of the Base of the Cane Creek Formation, as encountered at 7261 feet (minus 1477 feet subsea) in the Pure Oil Company Big Flat #5 Well, located in NW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 27, T25S, R19E, SLB&M., in an to the lease listed below to Exxon Corporation, P.O. Box 2305, Houston, TX 75252-2305, by EP Operating Company L.P. No override.

LEASE OWNERSHIP: EP OPERATING COMPANY L.P.
OPERATING RIGHTS: FROM SURFACE OF EARTH
DOWN TO AND INCLUDING, BUT NOT BELOW, 100
FEET BELOW THE STRATIGRAPHIC EQUIVALENT OF
THE BASE OF THE CANE CREEK FORMATION, AS
ENCOUNTERED AT 7261 FEET (MINUS 1477 FEET
SUBSEA) IN THE PURE OIL COMPANY BIG FLAT
#5 WELL, LOCATED IN THE NW $\frac{1}{4}$ SE $\frac{1}{4}$ SEC. 27,
T25S, R19E, SLB&M.
EP OPERATING COMPANY LP--67.5%, AND
COLUMBIA GAS DEVELOPMENT CORP.--32.5%

....ML 40761....

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CORRECTION OF DIRECTOR'S MINUTES, MAY 4, 1992; MLA 45618 REFUND

The minutes of May 4, 1992, indicate an advance rental refund of \$520 to the applicant. The applicant overpaid advance rentals at the time of filing and the total rental refund on this application should be \$852.

Upon recommendation of Mr. Bonner, the Director noted the above-stated correction.

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SURFACE ESTATE BUSINESS MATTERS

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GRAZING PERMITS

GRAZING NON-USE, REDUCED USE 1991 - GP 22603, GP 22605, GP 22673

Due to continued drought conditions, non-use of grazing privileges is necessary on state trust lands in Grazing Permit No. 22673 in Skull Valley, Tooele County, and Grazing Permit Nos. 22603 and 22605, Northeast and Southeast of Fish Springs National Wildlife Refuge in Tooele and Juab Counties. Non-use was verified by letter from BLM area manager Rex Rowley, Home Range Resource Area, and range conservationist Gary Kidd, Pony Express Resource Area, Salt Lake District Office, Utah.

| Permit # | Permittee | AUMs | 1991 % of Non-Use | Non-use AUMs @ \$2.32/AUM | Credit to 1993 Fee |
|----------|-----------------|--------|-------------------------|---------------------------------|--------------------------|
| GP 22603 | Merlin Kingston | 337 | 35% | 118 | \$273.76 |
| GP 22605 | Merlin Kingston | 241.68 | 35% | 85 | 197.20 |
| GP 22673 | Merlin Kingston | 64 | 50% | 32 | 74.24 |

Upon recommendation from Mr. Bagley, Mr. Carter approved a non-use credit for 1991 on GP 22603, GP 22605, and GP 22673, to be credited to the 1993 fee.

AMENDED GRAZING PERMIT NOS. GP 20658 AND GP 21602 (REDUCTION IN ANIMAL UNIT MONTHS (AUMS) OF GRAZING)

A review of GP 20658 and GP 21602 has been made and, consistent with the allowed BLM exchange of use, an adjustment in AUMs of grazing is to be made. This was confirmed with Leon E. Berggren, Bear River Resource Area Manager, Bureau of Land Management.

| Grazing Permit # | Present AUMs | Reduction | AUMs to be Reduced to |
|---------------------|-----------------|-----------|--------------------------|
| GP 20658 | 317 | 6 | 311 |
| GP 21602 | 127.9 | 41.9 | 86 |

Upon recommendation from Mr. Bagley, Mr. Carter approved the reduction in AUM's on GP 20658 and GP 21602.

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GRAZING AUMS REDUCTION USE FOR 1992 - GP 20658 AND 21602 (Credit to 1993 Fees)

Due to a reduction of exchange of use on GP 20658 and GP 21602, confirmed by Leon E. Berggren, Bear River Resource Area Manager, Bureau of Land Management, the following adjustments are to be made:

| Grazing Permit # | Reduction in AUMs | Credit to 1993 Fees @ \$2.27/AUM |
|---------------------|----------------------|--|
| GP 20658 | 6 | \$13.62 |
| GP 21602 | 41.9 | 95.11 |

Upon recommendation from Mr. Bagley, Mr. Carter approved a credit to the 1993 fees on GP 20658 and GP 21602.

GP 22544 - REFUND OF 1992 GRAZING FEES AND APPROVAL OF NON-USE

Clyde and Doree McCourt, P.O. Box 713, Wellington, UT 84542, have requested non-use of the above-referenced lease. The permittees just had the permit assigned to them in March 1992, and the assignment was approved May 4, 1992. In March, they also requested non-use of the permit because of past grazing and current drought conditions. The permit area was reviewed by George Cook of the SCS in Price, Utah, and he also recommended non-use this year. This is the last year of the permit, and the permittee plans to renew it next year. Because it is to be renewed next spring, staff recommends that a refund of the grazing fees be made now, rather than trying to transfer a non-use credit to the renewed permit. The amount of the grazing fees paid and to be refunded is \$113.50.

Upon recommendation of Mr. Bagley, Mr. Carter approved the above-referenced non-use and refund of 1992 grazing fees.

GRAZING PERMITS (CONT'D)

ASSIGNMENT OF GRAZING PERMIT GP 20709

Hyrum Taylor, et al., Fremont, Utah 84747. Vance Taylor, share-holder of the above-referenced grazing permit, has requested the Division's permission to assign his 50% interest in GP 20709 to Jeffery Ranches c/o Thomas A. Jeffery, P.O. Box 210, Fremont, Utah 84747. The \$20.00 assignment fee has been submitted. Wayne County.

Upon recommendation from Mr. Williams, Mr. Carter approved the assignment of GP 20709.

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REINSTATEMENT OF GRAZING PERMIT NO. GP 21459

Barracks Ranch c/o Warren Foote, 60 N 100 East, P.O. Box 15, Kanab, UT 84741, has requested that the above grazing permit, which was cancelled for nonpayment on June 8, 1992, be reinstated. All rentals, late fees, and the \$20.00 reinstatement fee have been submitted.

Upon the recommendation of Ms. Knight, the Director approved the reinstatement of GP 21459.

GRAZING PERMIT NO. 21571 (NON-USE)

John Vetere, P.O. Box 203, Green River, UT 84525, has requested a credit of 1991 grazing fees be applied to his 1992 grazing fees. Due to drought conditions BLM required 46% non-use. A credit of \$331.76 should be credited towards 1992 grazing fees. BLM verification has been provided. Grand Co.

Upon recommendation from Mr. Williams, Mr. Carter approved 46% non-use with the sum of \$331.76 being credited to the 1992 grazing fee.

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EASEMENT

ASSIGNMENT OF ROW 2710

Pursuant to R640-40-1600, Enron Oil & Gas Company, 1801 California Street, Denver, CO 80202, requests permission to assign 100% of their interest in the above-referenced right of way to Flying J Oil & Gas inc., P.O. Box 540180, North Salt Lake, UT 84054. The \$20.00 assignment fee has been submitted.

Upon recommendation of Mr. Bagley, the Director approved the assignment of ROW 2710.

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RIGHTS OF ENTRY

CANCELLATION OF RIGHT OF ENTRY APPLICATION NO. 3594

The above-referenced right of entry application number was issued to Division of Water Rights, P.O. Box 718, Price, UT 84501. It was later determined that the request should be issued a Predesignation Number 20 and a Record of Decision should be prepared.

Upon recommendation of Mr. Parmenter, the Director approved the cancellation of ROE 3594.

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SPECIAL USE LEASES

SPECIAL USE LEASE NO. 813 - RENTAL FEE INCREASE

Department of the Army, Corp of Engineers, 650 Capitol Mall, Sacramento, CA 95814. On November 29, 1990, Brockbank and Associates, 38 East 100 North, Price, UT 84501, was awarded an appraisal to update the valuation of the property under SULA 813. On January 14, 1991, Brockbank & Associates sent a letter appraisal indicating the new valuation of the property in question was \$125.00/acre. The annual rental was computed as follow:

$$720 \text{ acres} \times \$125/\text{acre} \times 9.5\% = \$8,550/\text{year}$$

On December 13, 1991, a check was received in the amount of \$36,330.30 for rental of this property, including late fee, for the period October 1, 1987 to September 30, 1991.

Upon recommendation of Mr. Parmenter, the Director noted the above rental fee increase. This item is submitted by Mr. Parmenter as a record keeping item for Trust Accounting.

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PREDESIGNATION

PREDESIGNATION NO. 18 - MINE MAINTENANCE

Emery Project AMR/015/902/R Cowboy Mine Maintenance

The Division of Oil, Gas, and Mining, 355 West North Temple, 3 Triad Center, Suite 350, Salt Lake City, UT 84180, is preparing to perform necessary maintenance to an abandoned mine on State Trust Land at the following location:

T23S, R6E SLB&M Emery Co.
Sec. 2: SW4SE4SW4NW4

This maintenance project is requested pursuant to a Memorandum of Understanding signed on June 18, 1984, between the Division of State Lands and Forestry and the Division of Oil, Gas, and Mining. Ownership inventory shows that surface and mineral rights are owned by the State of Utah. There are no current coal leases on this property.

Upon recommendation of Mr. Parmenter, the Director approved the above-mentioned maintenance project.

PREDESIGNATION NO. 19 - MINE MAINTENANCE

Ferron Project AMR/015/907/R Bear Gulch Mine Reclamation

The Division of Oil, Gas, and Mining, 355 West North Temple, 3 Triad Center, Suite 350, Salt Lake City, UT 84180, is preparing to reclaim an abandoned mine on State Trust Land at the following location:

T23S, R6E SLB&M Emery Co.
Sec. 2: NW4NE4NE4NW4

This reclamation project is requested pursuant to a Memorandum of Understanding between the Division of State Lands and Forestry and the Division of Oil, Gas, and Mining. Ownership inventory shows that surface and mineral rights are owned by the State of Utah. There are no current coal leases on this property.

Upon recommendation of Mr. Parmenter, the Director approved the above-mentioned reclamation project.

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CORRECTION OF AGENDA DATED April 27, 1992

A request for refund in the amount of \$1,370.00 was recommended by Mr. Johnson for Meridian Oil Inc., however, the three leases given were in error. The correct lease numbers are:

| | |
|----------|----------|
| ML 41314 | \$250.00 |
| ML 41315 | 640.00 |
| ML 41320 | 480.00 |


Upon recommendation of Mr. Johnson, the Director noted the above-mentioned correction. Said correction should be noted on Division records.

CANCELLATION OF GRAZING PERMIT 21762

Grazing Permit 21762 was paid timely; however, the check in the amount of \$404.19 was returned from the bank stamped "Not Paid, Refer to Maker." It is the Treasurer's procedure to send the check through twice before returning to us. A collection letter was mailed certified by this office on May 6, 1992 giving a date of May 27, 1992 for payment or cancellation. No response was received.

Upon recommendation of Mr. Johnson, the Director approved the cancellation of GP 21762.

| <u>INTEREST RATE</u> | <u>CURRENT YEAR</u> | <u>YEAR AGO</u> |
|----------------------|---------------------|-----------------|
| Base Rate | 6.50 | 8.50 |



RICHARD J. MITCHELL, DIRECTOR
DIVISION OF STATE LANDS & FORESTRY



CANDEE H. PENMAN, SECRETARY

ARCHIVES APPROVAL NO. 7900209